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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Pacific Gas and Electric Company for Approval of Its Billing Modernization Initiative (U 39 M)	Application No. 24-10-014 (Filed October 23, 2024)

JOINT REPLY COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M) AND THE JOINT COMMUNITY CHOICE AGGREGATORS IN SUPPORT OF ADOPTION OF THE PARTIAL SETTLEMENT AGREEMENT

**(PUBLIC VERSION)
ATTACHMENT A CONTAINS CONFIDENTIAL INFORMATION**

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Dated: August 25, 2026

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OF THE STATE OF CALIFORNIA

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I. INTRODUCTION

Pursuant to Rule 12.2 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, Pacific Gas and Electric Company (PG&E) and WestLight Energy,[1] Ava Community Energy, Central Coast Community Energy, Marin Clean Energy, City of San José, Silicon Valley Clean Energy, and Sonoma Clean Power Authority (collectively, the Joint CCAs, and together with PG&E, the Settling Parties) submit these comments in reply to the joint comments of the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), The Utility Reform Network (TURN), and Small Business Utility Advocates (SBUA) (collectively, the Settlement Opponents) filed August 10, 2026 opposing the cost recovery provisions of the Partial Settlement Agreement filed July 9, 2026 by the Settling Parties (the Partial Settlement Agreement).[2]

The Settling Parties entered into the Partial Settlement Agreement after fully supporting their litigation positions with written testimony, conducting extensive discovery, and actively negotiating the settlement for nearly a year (including months of weekly/twice-weekly meetings). The Partial Settlement Agreement reflects a balanced compromise that will benefit

[1] Formerly Peninsula Clean Energy Authority.
[2] Note that the City and County of San Francisco, acting by and through its Public Utilities Commission (CleanPowerSF), joined in the Joint CCAs' June 30, 2025, Direct Testimony submission and its July 30, 2025, Rebuttal Testimony submission. However, CleanPowerSF is not included in the group of Joint CCAs as defined in the Partial Settlement Agreement. CleanPowerSF submitted comments in support of the Partial Settlement Agreement on August 10, 2026.

customers by ensuring that they receive the benefits of a comprehensive billing system upgrade at a reduced cost. It is supported by and reasonable in light of the record in this proceeding, consistent with law, and in the public interest. The Commission should adopt the Partial Settlement Agreement without modification.

The Settlement Opponents' opposition to the Partial Settlement Agreement is rooted in a misunderstanding of the Commission's standard of review for settlements as well as of the scope, substance, and supporting evidence for the Partial Settlement Agreement. In these reply comments, the Settling Parties clarify that:

1. The cost term of the Partial Settlement Agreement is supported by a clear record showing both the urgent need for the Billing Modernization Initiative (BMI) investments (PG&E's testimony and the Joint CCAs' testimony) and detailed cost forecasts (PG&E's testimony);

2. Commission precedent is clear that a cost reduction achieved through settlement need not be itemized to be reasonable;

3. The record supports the $24 million in incremental costs associated with the settlement proposals, and the Settling Parties seek to provide additional insight into these cost forecasts in this filing;

4. A focus on a broader set of customer concerns does not render the Joint CCAs' perspective "weak" on public interest issues generally or cost reasonableness issues in particular, and in fact the Joint CCAs are uniquely positioned to advocate on behalf of ratepayers on billing investment issues; and

5. The Settling Parties do not argue that any special "presumption" should apply in favor of the Partial Settlement Agreement, and in fact have expressly recognized the discrete scope of this Settlement in that it would not fully resolve the cost issues still being litigated by non-settling parties.

II. THE COST TERMS OF THE PARTIAL SETTLEMENT AGREEMENT ARE REASONABLE

A. The Record Supports Approval of the BMI at the Reduced Price Point Reflected in the Partial Settlement Agreement

The Settlement Opponents cannot reasonably dispute that PG&E's current legacy billing systems are out-of-date and have significant functional shortcomings. Currently, PG&E's outdated legacy billing systems impose functional limitations on how and what critical billing data can be tracked and shared, how quickly PG&E can address data quality issues impacting its own and community choice aggregator (CCA) billing operations, how customer bills are designed and updated, and how the billing process is managed. A modern billing system like C2M will enable PG&E to address these limitations, improve billing service quality to all of its bundled and unbundled customers, and provide necessary features and data to CCAs that will benefit CCA customers and support competition.[3] These are not optional enhancements; they are essential functions of a utility billing system that PG&E must offer to continue to provide reasonable service to its customers and reasonable service to CCAs that rely on PG&E as their billing service provider. The drastic funding cuts proposed by Cal Advocates and TURN would hamstring the C2M upgrade—limiting the functionalities of the new system and significantly reducing customer benefits.[4] For example, Cal Advocates would cut funding for three of the five modules within C2M, including the Market Transaction Management Module, which is necessary to centrally manage how PG&E's billing system interacts with CCAs to improve responsiveness and reduce errors.[5]

The Settlement Opponents do not engage with customers' need for an upgraded billing system or recognize the benefits that will flow to customers from that system. PG&E provided evidence supporting the benefits that will result from the implementation of C2M,[6] and the Joint CCAs provided evidence of the substantial gaps in PG&E's billing services under its outdated billing system and the ways in which the BMI design must bridge those gaps.[7] The implementation of C2M (or a comparable end-state system) is the necessary groundwork for delivering these customer benefits, including those achieved through implementation of portions of the Partial Settlement Agreement.

The Partial Settlement Agreement would allow PG&E to deliver the benefits of C2M, as contemplated in its original Application and Testimony, as well as the incremental design features and functionalities necessary to support CCA customers, all at a significantly reduced cost to customers—specifically, a reduction of approximately $88 million from PG&E's original request.[8] The Joint CCAs and PG&E submit that a final end-state billing system that enables these necessary fixes and improved functionalities is a worthwhile investment for customers at

[3] *See* Joint Reply Br. of PG&E and Joint CCAs, pp. 2-3.

[4] *See* PG&E Reply Br., pp. 1-2, 10-13.

[5] PG&E Reply Br., pp. 12-13 (citing CA-04, p. 8, lines 19-24); PG&E Ex-01, p. 4-39, lines 5-11.

[6] *See* PG&E Ex-01, p. 6-12, lines 11-16; p. 6-13, Table 6-4; p. 6-28, lines 3-4; p. 6-31, lines 1-3.

[7] *See* Joint CCA Ex-01,p. 11, line 1 to p. 31, line 24; *id.*, p. 48, line 3 to p. 63, line 13.

[8] The Partial Settlement Agreement sets forth costs for the BMI of $586,614,000 in capital and $81,595,000 in expense. This overall forecast encompasses the costs associated with the settlement agreement proposals of $21,000,000 in capital and $3,000,000 in expense.

this reduced price point. Importantly, these cost levels are not untethered to the record, as the Settlement Opponents suggest[9]—PG&E submitted briefing explaining in detail why the cost levels in the Partial Settlement Agreement are reasonable, and incorporates those showings by reference here.[10] For all these reasons, the cost terms of the Partial Settlement Agreement are reasonable and are supported by the record.

B. Unallocated Reductions Are Reasonable in Settlement Agreements

The Settlement Opponents challenge the form of the Partial Settlement Agreement more than the substance. They claim that the unallocated reduction to the total cost forecast prevents the Commission from making findings and conclusions on the material issues in this proceeding. This is not the case. The Commission can resolve the factual and legal issues in the proceeding by finding that PG&E has met its burden based on the record evidence and can simultaneously approve the voluntary reduction in the Partial Settlement Agreement.

Further, even if the record evidence presented here did not support the entirety of the costs presented in the Application (as PG&E submits that it does), the Settlement Opponents cite no basis for their contention that an unallocated reduction would "prevent the Commission from fulfilling its duty… to make decisions that contain findings and conclusions on all material issues."[11] In fact, this statement is contrary to Commission precedent, which shows that the reduction need not be itemized based on arguments from non-settling parties.[12] As the Commission explained in approving a past settlement between PG&E and Cal Advocates (which TURN opposed), "there is no requirement that a settlement identify the specific costs that were reduced by an individual program, project, account, or [Catastrophic Event Memorandum Account] event… settlements by nature are to a certain extent 'black box,' but nevertheless are

[9] *See* Joint Comments of Settlement Opponents, pp. 2-3.
[10] *See* A.24-10-014, PG&E's Opening Brief, pp. 11-36 (July 16, 2026); A.24-10-014, PG&E's Reply Brief, pp. 3-41 (August 13, 2026).
[11] Joint Comments of Settlement Opponents, p. 2.
[12] Although the Commission may also decide that the voluntary reduction reflects several of the Commenting Parties' proposed adjustments. *See* PG&E Reply Br., p. 2, n. 3.

reasonable when supported by adequate detail."[13] It is well-established that "[c]onsistent with judicial and administrative precedent, the Commission's review of the settlement does not require parceling each fact or issue resolved therein."[14]

C. The $24 Million Adjustment for the Cost of the Settlement Agreement Proposals is Reasonable

Similarly, the $24 million incremental cost forecast associated with the settlement agreement proposals is supported by the existing record establishing the necessity of a comprehensive billing system upgrade that addresses the needs of CCA customers—needs that are directly addressed by these settlement agreement proposals. While the Settlement Opponents suggest that the Commission cannot approve this incremental $24 million request because of a lack of transparency around these cost forecasts, Settlement Opponents made no effort to learn more about these forecasts. Neither PG&E nor the Joint CCAs have received discovery requests about any aspect of the Partial Settlement Agreement, despite the fact that the Settling Parties filed the agreement over a month before the record closed.[15]

While the Settling Parties maintain that the record as submitted supports this $24 million forecast, in the interest of providing parties and the Commission with more insight into how the Settling Parties arrived at these forecasts, the Settling Parties have agreed to provide the cost estimates for the settlement agreement proposals shared during the course of their settlement negotiations. Attachment A (Confidential) contains cost estimates for each of the proposals in the Partial Settlement Agreement.[16]

Even accounting for this $24 million in incremental costs, the overall capital and expense cost forecasts the Settling Parties agree are reasonable in the Partial Settlement Agreement

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[13] D.23-10-025, p. 15 (internal citations omitted); *see also* D.16-10-004, pp. 13-14 (approving a settlement between SoCalGas, TURN, and Cal Advocates that took a "black box" approach to cost allocation issues); D.18-08-013, pp. 25-26 (approving a settlement between PG&E, SBUA, TURN, and others that took a "black box" approach to revenue allocation); D.04-05-055, pp. 3, 79-80 (approving a settlement between PG&E, Cal Advocates, TURN, and others in a PG&E rate case with total amounts for general categories rather than a detailed forecast for each account), *modified on other grounds by* D.05-02-050 and D.05-12-046.
[14] D.26-03-017, p. 13.
[15] A.24-10-014, Assigned Commissioner's Scoping Memo and Ruling, p. 6 (March 27, 2025) ("The proceeding will stand submitted upon the filing of reply briefs").
[16] Contemporaneously with this filing, the Settling Parties filed a motion to reopen the record for the purpose of admitting Attachment A.

remain significantly lower—by approximately $88 million—than PG&E's original proposal in this proceeding.[17] The record supports adoption of these modified cost forecasts as well as explicit approval of the $24 million necessary to implement the proposals in the Partial Settlement Agreement.

III. THE COMMISSION SHOULD NOT DISCOUNT JOINT CCAS' UNIQUE PERSPECTIVE AS RATEPAYER ADVOCATES

The Settlement Opponents suggest that, because the Joint CCAs' recommended reduction to PG&E's requested revenue requirement in testimony was smaller than those proposed by the Settlement Opponents, the Commission should not consider the Joint CCA perspective as a legitimate—or equally valuable—ratepayer advocate perspective.[18] This logic is flawed for at least three reasons.

First, a narrow focus on one issue—overall project spend—is one way for a ratepayer advocate to approach the question of whether a utility's proposed investment in IT infrastructure is in the public interest, but it is not the only valid approach. The Joint CCAs are advocates for the local communities that formed them and the electric customers living in those communities. While CCA charter mission statements vary by CCA, they generally all highlight an intent to serve the public interest through promoting local choice, clean energy, competitive and stable rates, and community benefits. With these policy objectives in mind, the Joint CCAs' advocacy in this case focused on the cost reasonableness, cost functionalization, *and cost effectiveness* of PG&E's Application—*i.e.*, ensuring the BMI project is well designed to benefit all customers, including the CCA customers that make up the majority of PG&E's customer base. A focus on this broader set of customer concerns does not render the Joint CCAs' perspective unimportant or "weak"[19] on public interest issues generally or cost reasonableness issues in particular; rather, it reflects the more comprehensive lens through which the CCAs approach these kinds of proposed investments on behalf of their customers.

Second, the Joint CCAs are uniquely positioned to advocate on behalf of ratepayers in PG&E's territory because they are in direct communication with the majority of PG&E's

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[17] PG&E maintains that the full amount of its request is supported by the record. The Joint CCAs recognize support in the record for the cost forecast as adjusted by the Partial Settlement Agreement.
[18] Joint Comments of Settlement Opponents, pp. 3, 5-6.
[19] Joint Comments of Settlement Opponents, pp. 5-6.

customer base (*i.e.*, PG&E's unbundled customers that take service from a CCA provider). CCAs' inherently local scope facilitates more direct access to all aspects of the customer experience—including customer challenges and complaints regarding rate increases, billing errors and delays, confusing bill presentation, and other issues related to the billing experience. The Joint CCAs leveraged this deep understanding of their customers' needs in their advocacy in this case.

Finally, the Joint CCAs' billing and operations teams have direct insight into the nuts and bolts of how billing operations work behind the scenes, how their teams' processes interact with PG&E's, and what system functionalities are needed to improve those processes and coordination between them. To the Joint CCAs' knowledge, this is a perspective that no other intervenor in this proceeding can offer.

In sum, the Joint CCAs leveraged their understanding of the most pressing billing issues facing their customers to comprehensively review PG&E's BMI Application and identify any problematic or underdeveloped aspects of PG&E's proposal. The issues the Joint CCAs identified led to recommendations to address cost reasonableness, cost functionalization, and cost effectiveness concerns. All of the ratepayer advocates in this proceeding bring an important perspective to the table on how the BMI can best serve the public interest; the Joint CCAs bring one such perspective that should not be discounted.

IV. THE SETTLING PARTIES DO NOT RELY ON A PRESUMPTION OF FAVORABILITY AND HAVE CLEARLY EXPLAINED THE SCOPE OF THE PARTIAL SETTLEMENT AGREEMENT

The Settlement Opponents argue that "[a]pplying a presumption of favorability" to the Partial Settlement Agreement "is against the public interest and invites mischief" and that the proposed settlement does not meet "procedural preconditions for presumed favorability."[20] This is a strawman. The Settling Parties at no point argued that any presumption should apply, and there are no "procedural preconditions" that trigger a formal presumption of favorability or "invoke" the public policy favoring settlements.

In support of the Partial Settlement Agreement, the Settling Parties quoted the Commission's statement that there is "a strong public policy favoring settlement of disputes if

[20] Joint Comments of Settlement Opponents, p. 5.

they are fair and reasonable in light of the whole record."[21] This public policy is not something that can be "invoked," and is merely a statement about the public policy of the Commission, and indeed of the State of California.[22] Importantly, this public policy does not change any standard of the Commission's review or approval of a settlement. Commission Rule 12.1 sets forth that the Commission may only approve a settlement if it is "reasonable in light of the whole record, consistent with law, and in the public interest[,]"[23] and the Settling Parties believe that the Partial Settlement Agreement should be approved based on that standard.

The Settlement Opponents conflate the Commission's standard of review for settlements with its standard for recognizing a "presumption of fairness" in the context of settlement. They point to factors from D.26-03-017, including whether "the negotiation is achieved through 'arm's-length bargaining,' is 'free from collusion' and whether 'there is little or no opposition to the settlement.'"[24] However, as that decision makes clear, these are elements that a court evaluated in "recogniz[ing] a *presumption of fairness*[.]"[25] The Settling Parties have not invoked this presumption because such a presumption only applies when "there is little or no opposition to the settlement[,]" which the Settling Parties have not claimed is the case here.[26] The Settling Parties do not argue that the Partial Settlement Agreement is unopposed nor do they invoke the "presumption of fairness," "presumption of favorability," or any other presumption.

The Settling Parties have in fact expressly recognized the more limited scope of the Partial Settlement Agreement. They have noted that this is a *partial* settlement—meaning it does not resolve all open issues in the case—because it does not fully resolve cost issues still being litigated by non-settling parties:

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[21] Joint Motion, p. 11 (quoting D.23-10-025, p. 12).
[22] *See, e.g., Rheinhart v. Nissan N. Am., Inc.* (2023) 92 Cal.App.5th 1016, 1027, 309 Cal.Rptr.3d 859 (stating "California has a strong public policy favoring the voluntary settlement of disputes" and citing *Monster Energy Co. v. Schechter* (2019) 7 Cal.5th 781, 793, 249 Cal.Rptr.3d 295, 444 P.3d 97; *Zamora v. Clayborn Contracting Grp., Inc.* (2002) 28 Cal.4th 249, 260, 121 Cal.Rptr.2d 187, 47 P.3d 1056 ["the law favors settlements"]; *Kaufman v. Goldman* (2011) 195 Cal.App.4th 734, 745, 124 Cal.Rptr.3d 555; *Osumi v. Sutton* (2007) 151 Cal.App.4th 1355, 1359, 60 Cal.Rptr.3d 693 ["[i]t is, of course, the strong public policy of this state to encourage the voluntary settlement of litigation"].); *McClure v. McClure* (1893) 100 Cal. 339, 343, 34 P. 822 ("Settlement agreements 'are highly favored as productive of peace and good will in the community, and reducing the expense and persistency of litigation.'").
[23] Rule 12.1(d).
[24] Joint Comments of Settlement Opponents, pp. 5, 6 (citing D. 26-03-017, p. 11).
[25] D.26-03-017, p. 11 (emphasis added).
[26] D.26-03-017, p. 11.

> The Settling Parties acknowledge and agree that the issue of the reasonableness of PG&E's 2024-2030 total capital expenditure and expense forecasts associated with the BMI will not be fully resolved by this Partial Settlement Agreement. This issue is still in dispute in A.24-10-014 among other parties to A.24-10-014 that are not signatories to this Partial Settlement Agreement.[27]

In fact, the Partial Settlement Agreement makes clear that while it represents an agreement between PG&E and the Joint CCAs that the overall cost forecasts provided in Tables 1 and 2 of the Agreement are reasonable,[28] Commission approval of the Settlement would not automatically result in approval of those overall cost forecasts, which are still being litigated by other non-settling parties. [29] In other words, in addition to determining whether to approve the Partial Settlement Agreement, the Commission must also make a determination about the reasonableness of PG&E's cost forecasts, as modified by the Partial Settlement Agreement, in light of the full record in this case (which includes Settling Parties' position that these forecasts are just and reasonable as well as the perspectives advanced by non-settling parties).

In the same 2026 decision cited by the Settlement Opponents, the Commission provides that its "role is to ensure that the agreement as a whole meets the criteria of Rule 12.1(d)."[30] The various arguments raised by the Settlement Opponents regarding the strength of the Joint CCAs in negotiation, in addition to being baseless as discussed above, are unrelated to the question at hand: whether the Partial Settlement is "reasonable in light of the whole record, consistent with law, and in the public interest" as required by Rule 12.1(d).

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[27] Partial Settlement Agreement, p. 4.

[28] *See* Partial Settlement Agreement, Section 3.2 ("With this Partial Settlement Agreement, and in light of the compromises reflected therein, the Settling Parties agree that the 2024-2030 total capital expenditure and expense forecasts for the BMI set forth in Table 1 and Table 2 below are reasonable.").

[29] *See* Partial Settlement Agreement, Section 3.2 ("Nothing herein limits or affects the ability of other parties to A.24-10-014 (aside from the Joint CCAs) to litigate the reasonableness of PG&E's 2024-2030 total capital expenditure and expense forecasts associated with the BMI in A.24-10-014.").

[30] D.26-03-017, p. 13.

V. CONCLUSION

For the foregoing reasons, the Settling Parties respectfully request that the Commission approve the Partial Settlement Agreement without modification, in accordance with the legal standards set forth in Rule 12 of the Commission's Rules of Practice and Procedure.

Respectfully Submitted,

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THE JOINT COMMUNITY CHOICE AGGREGATORS

Dated: August 25, 2026

ATTACHMENT A

(PUBLIC VERSION)

Attachment A contains confidential material and has been removed its entirety.
The confidential version is filed with the CPUC Docket Office.